



**STATE BOARD OF EQUALIZATION
STAFF LEGISLATIVE BILL ANALYSIS (SHORT FORM)**

Date Amended:	08/18/00	Bill Number:	SB 2084
Tax:	Sales and Use Property	Author:	Polanco, et al
Board Position:		Related Bills:	

We are following the bill but will not prepare a standard analysis on it in its present form.

COMMENTS:

This bill would enact the Commercial Vehicle Registration Act of 2001 to replace the current registration system (fees based on unladen weights and vehicle license fees) for commercial trailers with a permanent trailer plate identification program. The purpose of this bill, which is sponsored by the Department of Motor Vehicles (DMV), is to allow California to conform to federal law regarding membership in the International Registration Plan Agreement for the purpose of collecting registration fees for commercial trucks that operate on an interstate basis.

Current Vehicle Codes require commercial trucks and trailers to be *registered* with the DMV. Current Sales and Use Tax Law provides that the sale or storage, use, or other consumption of vehicles required to be *registered* under the Vehicle Code are subject to sales or use tax.

The Commercial Vehicle Registration Act of 2001, as proposed by this bill, would not require commercial vehicles to be *registered* under the Vehicle Code. Instead, these commercial vehicles would be subject to *identification* under the Vehicle Code. This change could inadvertently result in a sales or use tax exemption for the sale or storage, use or other consumption of commercial vehicles that are no longer subject to *registration*, but rather, are subject to *identification*.

It is recommended that Revenue and Taxation Code Sections 6275, 6285, 6291, 6293, 6294 and 6367 be amended to include “vehicles subject to registration or *identification* under the Vehicle Code.”

Vehicles are not subject to property tax because the vehicle license fee, which is administered by the DMV, preempts their taxation. Revenue and Taxation Code Section 10758 provides that the vehicle license fee is in lieu of any other tax that is based on value and is levied for state or local purposes.

This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board's formal position.

This bill would add Section 225 to the Revenue and Taxation Code to provide that a “commercial trailer or semitrailer that has a valid identification plate issued to it pursuant to Section 5014.1 of the Vehicle Code is exempt from personal property taxation.” This language would ensure that commercial trailers or semitrailers would not become subject to taxation under property tax law once they are no longer subject to the vehicle license fee.

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